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MBT

Michigan Business Tax

www.michigan.gov/taxes

2008 Forms and Instructions

What's Inside

This MBT booklet includes forms and instructions for all “standard taxpayers” (all filers except insurance companies and financial institutions). These forms are designed for calendar year 2008 and for fiscal years ending in 2008 or 2009.



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See pages 8 and 140 for more information.

This booklet is intended as a guide to help complete the Michigan Business Tax (MBT) return. It does not take the place of the law.

Michigan Department of Treasury
Customer Contact Division, MBT Unit
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Quick Reference Guide

MBT Credits, Recaptures, and Assignments SBT Credit Carryforwards and Recaptures

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* Form does not appear in this book but can be found on the Michigan Department of Treasury Web site www.michigan.gov/taxes.

2008 General Information for Standard Taxpayers

Fiscal Year Filers: See “Supplemental Instructions for Initial Fiscal Michigan Business Tax (MBT) Filers” on page 133.

Insurance Companies and Financial Institutions: See the *MBT Instruction Booklet for Insurance Companies* (Form 4592) or the *MBT Instruction Booklet for Financial Institutions* (Form 4599) at www.michigan.gov/taxes.

This booklet is intended as a guide to help complete the Michigan Business Tax (MBT) return. It does not take the place of the law.

End of Single Business Tax (SBT) – Beginning of Michigan Business Tax (MBT)

SBT was repealed on business activity after December 31, 2007 (Public Act (PA) 325 of 2006). MBT became effective January 1, 2008 (PA 36 of 2007).

Who Files a Standard Return?

All taxpayers other than financial institutions and insurance companies (described here as standard taxpayers) with apportioned or allocated gross receipts equal to \$350,000 or more must file an *MBT Annual Return* (Form 4567) or an *MBT Simplified Return* (Form 4583).

EXCEPTION: Standard taxpayers that are owned by and unitary with financial institutions should file the *MBT Annual Return for Financial Institutions* (Form 4590).

Insurance companies and financial institutions will calculate tax liability using specialized tax bases and rules, which are covered in separate booklets (see the *Insurance Company Annual Return for Michigan Business and Retaliatory Taxes* (Form 4588) and Form 4590, respectively).

Using This Booklet

This MBT booklet includes forms and instructions for all “standard taxpayers” (all filers except insurance companies and financial institutions). These forms are designed for calendar year 2008 and for fiscal years ending in 2008 or 2009.

Read the General Information first. Because MBT is a new tax, we recommend taxpayers and tax preparers also briefly review the instructions for all forms. A taxpayer might qualify for a credit and yet be unaware of it.

Fiscal year taxpayers should also review the “Supplemental Instructions for Initial Fiscal MBT Filers” on page 133.

Overview of MBT for Standard Taxpayers

MBT imposes both a Modified Gross Receipts Tax and a Business Income Tax on all standard taxpayers with apportioned or allocated gross receipts equal to \$350,000 or more, where:

- The Modified Gross Receipts Tax rate is 0.8 percent, and
- The Business Income Tax rate is 4.95 percent.

An annual surcharge of 21.99 percent is applied to the sum of both tax liabilities, where the surcharge amount levied against the taxpayer is capped at \$6,000,000 in any single tax year.

The statute then offers more than 35 credits that reduce the initial calculation of tax and surcharge. This includes a limited allowance of SBT credit carryforwards.

The Modified Gross Receipts Tax base consists of gross receipts less purchases from other firms and other subtractions. *Gross receipts* are defined as the entire amount received by a taxpayer from any activity carried on for direct or indirect gain, benefit, or advantage to the taxpayer or to others, with certain specific exceptions. (See pages 26 through 28.)

For most taxpayers, the Business Income Tax base is essentially that part of federal taxable income derived from business activity, with certain additions and subtractions.

For more comprehensive information regarding MBT, visit the MBT Web site at www.michigan.gov/mbt. The Web site contains information taxpayers may find helpful in determining their estimated tax liabilities. Note that reliance on information found on the Web site does not protect a taxpayer from imposition of interest and penalties should the sum of the taxpayer’s estimated payments not equal 85 percent of the taxpayer’s MBT liability for the current tax year.

Filing MBT Quarterly Tax Estimates for 2009

If estimated combined MBT liability for the year (including surcharge) is reasonably expected to exceed \$800, a standard taxpayer must file estimated returns either monthly or quarterly. Payments can be made with either of the following returns:

- *Michigan Business Tax Quarterly Return* (Form 4548), or
- *Combined Return for Michigan Taxes* (Form 160).

If paying quarterly, estimates are due on the 15th of the month following the end of the quarter. If filing monthly using Form 160, monthly payments may be filed on the 20th day of the month. For example, a taxpayer may file a monthly MBT estimate using Form 160 on April 20 rather than April 15 so long as the estimate for that month is consistent with the instructions in the paragraph below. For taxpayers electing to make monthly remittances by Electronic Funds Transfer (EFT) where the requirement to file a paper Form 160 has been waived, MBT estimates remain due on the 20th day of the month following the month’s end. The estimated MBT for the quarter must also reasonably approximate the liability for the quarter.

The estimated payment made with each quarterly return must be computed on the actual Business Income Tax base and Modified Gross Receipts Tax base for the quarter, or 25 percent of the estimated annual total liability, plus the annual surcharge imposed. To avoid interest and penalty charges, estimated payments must equal at least 85 percent of the total liability for the tax year and the amount of each estimated payment must reasonably approximate the tax liability for that quarter. For tax years ending in 2009 and later, if the prior year’s tax is \$20,000 or less, estimated tax may be based on the prior year’s total tax liability paid in four equal installments. If the prior year’s tax liability was reported for a period less than 12 months, this amount must be annualized. See “Filing if Tax Year Is Less Than 12 Months” on page 13 of these instructions for more

information. If the year's tax liability is \$800 or less, estimated returns are not required. Estimates cannot be based on the prior year's SBT liability and can no longer be based on 1 percent of gross receipts.

Amending Estimates

If, after making payments, the estimated tax is substantially different than originally estimated, recompute the tax and adjust the payment in the next quarter.

E-filing MBT Returns

To optimize operational efficiency and improve customer service, the Department of Treasury is supporting e-file for the first year of MBT by participating in the Internal Revenue Service (IRS) Federal/State Modernized e-File (MeF) program. Check with your software provider to see if it supports MBT e-file, or visit the e-file Web site at www.Mifastfile.org to view a list of approved software providers.

The e-file mandate for SBT is being continued for software developers supporting MBT, effective January 1, 2010, for the 2009 tax year. Software developers producing MBT preparation software will need to support e-file for all eligible MBT forms that are included in their tax preparation software. Therefore, all eligible 2009 MBT returns prepared using software must be e-filed.

New this year, the Department will accept certain Portable Document Format (PDF) attachments with MBT e-filed returns. For a current list of defined attachments, visit the e-file Web site at www.Mifastfile.org, and select "Business Taxpayer." Follow your software instructions for submitting attachments with an e-filed return.

If the MBT return includes supporting documentation or attachments that are not on the predefined list of attachments, the return can still be e-filed. Follow your software instructions for including additional attachments. The preparer or taxpayer should retain file copies of all documentation or attachments.

For more information and program updates, including exclusions from e-file, visit the e-file Web site at www.Mifastfile.org.

The taxpayer may be required to e-file its federal return. Visit the IRS Web site at www.irs.gov for more information on federal e-file requirements and the MeF program.

Complete Federal Tax Forms First

Before preparing MBT returns, complete all federal tax forms. These forms may include:

- Individuals, Partnerships or Fiduciaries - U.S. Form 1040, 1041, 1065 and related Schedules C, C-EZ, D, E, K, 4797, and 8825.
- Corporations - U.S. Form 1120, 1120-S and Schedules D, K, 851, 940, 4562, 4797, and 8825.
- Limited Liability Companies (LLCs) - federal forms listed above, depending on how federal returns have been filed.

Reference these federal forms to complete Form 4567 or Form 4583.

Copies of these forms must also be attached to the annual return filed. See the instructions for the annual return for further details.

Completing Michigan Forms

The Department captures the information from paper MBT returns using an Intelligent Character Recognition (ICR) process. If completing a paper return, avoid unnecessary delays caused by manual processing by following the guidelines below so the return is processed quickly and accurately.

- **Use black or blue ink.** Do not use pencil, red ink, or felt tip pens. Do not highlight information.
- **Print using capital letters** (UPPER CASE). Capital letters are easier to recognize.
- **Print numbers like this:** 012345678. Do not put a slash through the zero (Ø) or seven (7).
- **Fill check boxes with an [X].** Do not use a check mark [✓].
- **Leave lines/boxes blank** if they do not apply or if the amount is zero unless otherwise instructed.
- **Do not enter data in boxes filled with Xs.**
- **Do not write extra numbers, symbols, or notes** on the return, such as cents, dashes, decimal points (excluding percentages), or dollar signs unless otherwise instructed. Enclose any explanations on a separate sheet unless instructed to write explanations on the return.
- **Date format,** unless otherwise specified, should be in the following format: MM-DD-YYYY. Use dashes (-) rather than slashes (/).
- **Enter phone numbers using dashes** (e.g., 517-555-5555); do not use parentheses.
- **Stay within the lines** when entering information in boxes.
- **Report losses and negative amounts** with a negative sign in front of the number (do not use parentheses). For example, a loss in the amount of \$22,459 should be reported as -22,459.
- **Percentages should be carried out four digits** to the right of the decimal point. Do not round percentages. For example, 24.154266% becomes 24.1542%. When converting a percentage to a decimal number, carry numbers out six digits to the right of the decimal point. For example, 24.154266% becomes 0.241542.
- **Report all amounts in whole dollars.** Round down amounts of 49 cents or less. Round up amounts of 50 cents or more. If cents are entered on the form, they will be treated as whole dollar amounts.

Suggested Order of Analysis and Preparation of an MBT Annual Return

First, determine whether the taxpayer has nexus with Michigan. *Nexus* is derived from the Latin word meaning connection. It is a legal term that expresses the issue of whether a taxpayer has sufficient connection to Michigan to justify subjecting the taxpayer to Michigan tax. If there is any question about the existence of nexus, see Revenue Administrative Bulletins (RABs) 2007-6 and RAB 2008-4 for further guidance.

Next, determine whether taxpayer has \$350,000 or more of gross receipts, that are apportioned or allocated to Michigan.

- The statutory definition of gross receipts is found in Michigan Compiled Law (MCL) 208.1111(1): “*Gross receipts* means the entire amount received by the taxpayer from any activity whether in intrastate, interstate, or foreign commerce carried on for direct or indirect gain, benefit, or advantage to the taxpayer or to others except ...”

Exceptions to the foregoing definition are discussed on page 26 of this booklet.

- Gross receipts, as defined above, is a world-wide figure. For a taxpayer that has nexus only with Michigan, all gross receipts are allocated to Michigan. A taxpayer that has nexus with Michigan and at least one other state or foreign country must calculate its apportionment percentage and multiply its total gross receipts by that apportionment percentage. See Form 4567, lines 10b through 10d, and accompanying instructions for this calculation. The resulting figure is the taxpayer’s gross receipts apportioned to Michigan.

If all of the foregoing considerations determine that a taxpayer must file an MBT return, the next question is which primary form to use. For a standard taxpayer, there are two. Form 4583 is an optional simplified form for small businesses that allows taxpayers to calculate the Small Business Alternative Credit and the Gross Receipts Filing Threshold Credit. Most other credits are not available with Form 4583. Eligibility to use Form 4583 is described at the top of that form and in its instructions.

Most standard taxpayers will use Form 4567. It is available to all standard taxpayers, and allows the calculation of all credits, including credits that can be claimed only by using this form. To calculate gross receipts (Part 1 of the form) and business income (Part 2), use the appropriate worksheets on page 28, based on organization type of the taxpayer.

For a taxpayer using Form 4567, first complete lines 1 through 34, which is sufficient to calculate total liability before all credits. At that point, if any nonrefundable credits will be claimed, begin the *MBT Nonrefundable Credits Summary* (Form 4568), which serves several important functions:

- Acts as a checklist of nonrefundable credits
- Identifies the order in which nonrefundable credits must be claimed
- Identifies the form on which each nonrefundable credit is calculated
- Tracks tax liability as it is reduced by each credit in proper order
- Identifies (where applicable) the point at which tax liability reaches zero and no further nonrefundable credits may be claimed in the current filing period.

Complete Form 4568 from top to bottom. For each credit the taxpayer qualifies for, calculate the credit as identified on the appropriate form and bring the result back to the appropriate line on Form 4568.

After total nonrefundable credits is determined on Form 4568, line 36, carry the figure to Form 4567. The remainder of Form 4567 is straightforward, but take care to consider any available refundable credits on Form 4567, Part 4.

Further General Guidance

For purposes of MBT, *person* means an individual, firm, bank, financial institution, insurance company, limited partnership, limited liability partnership, copartnership, partnership, joint venture, association, corporation, S corporation, LLC, receiver, estate, trust, or any other group or combination of groups acting as a unit.

A *taxpayer* includes a single person or a Unitary Business Group (UBG) (see definition on page 10) liable for tax, interest, or penalty. A UBG must file a combined MBT return (addressed in further detail on page 10).

Businesses reporting less than 12 months must annualize gross receipts to determine whether they are required to file. See page 13 for more guidance on annualization.

If apportioned or allocated gross receipts are below the filing requirement, there is no legal obligation to file a return or pay a tax.

Individual. If a person owns more than one business that is registered as Individual (e.g., a convenience store and rental property), file one MBT return and use the combined apportioned or allocated gross receipts to determine filing requirements.

LLC. An LLC is classified for MBT purposes according to its federal tax classification. The following terms, whenever used in MBT forms, instructions, and statute, include LLCs as indicated:

- *Partnership* includes an LLC federally taxed as a Partnership, and a member of this LLC is a partner.
- *S Corporation* includes an LLC federally taxed as an S Corporation, and a member of this LLC is a shareholder.
- *C Corporation*, which is occasionally referred to simply as a Corporation, includes an LLC federally taxed as a C Corporation, and a member of this LLC is a shareholder. A member or other person performing duties similar to those of an officer in a true Corporation is an “officer” in this LLC.
- An LLC with a single owner that is disregarded for federal tax purposes will also be disregarded for MBT purposes. The consequence of being disregarded is that tax classifications are based on the organizational type of the member. Activity of the LLC will be combined with activity of the member on a single return.

EXCEPTION: A foreign Corporation that is a disregarded subsidiary of a U.S. parent cannot be a member of a UBG, even one that includes its U.S. parent. In this case, the foreign entity must file a separate return.

Fiduciaries filing for estates or Trusts engaged in business activity must file an MBT return and report the total business activity. Beneficiaries are not required to file an MBT return or pay the tax on their distributive shares. If a grantor Trust is engaged in business, the grantor or owner must file. To determine credits, follow the guidelines for Individuals. A Trust is classified for MBT purposes according to its federal tax classification.

REMINDER: Partners and S Corporation shareholders (including LLC members treated as such) may have to pay tax on their share of income from a Partnership or S Corporation.

For a partner or S Corporation shareholder who is an Individual, this share of business income is taxed under the Michigan Individual Income Tax Act. For a partner or S Corporation shareholder that is subject to MBT (Individual or entity), this income must be included in the Business Income Tax base, but then is subtracted (a loss will be added) on the MBT annual return filed for the partner or shareholder to the extent that it was included in arriving at the partner's or shareholder's business income.

For a Partner or S Corporation shareholder that is subject to MBT (Individual or entity), this income must also be included in gross receipts for the Modified Gross Receipts Tax base.

EXCEPTION: If this partner or shareholder has no Michigan business activity other than its interest in the Partnership or S Corporation, the partner or shareholder is not subject to MBT and is not required to file a return. However, the partner or shareholder, if an Individual, may be subject to Michigan Income Tax.

New Requirements: Unitary Business Groups (UBGs) and Combined Filing

NOTE: UBGs are addressed below, in general, and further in the instructions for each form. "Special Instructions for Unitary Business Groups" are located directly before "Line-by-Line Instructions." The areas in the "Line-by-Line Instructions" that apply only to UBGs are labeled "UBGs."

General Information about UBGs

Unitary Business Group means a group of United States persons, other than a foreign operating entity, that satisfies the following criteria:

- **Control Test.** One of the persons owns or controls, directly or indirectly, more than 50 percent of the ownership interest with voting rights or ownership interests that confer comparable rights to voting rights of the other persons; AND
- **Relationship Test.** The UBG has business activities or operations which result in a flow of value between or among persons included in the UBG or has business activities or operations that are integrated with, are dependent upon, or contribute to each other. *Flow of value* is determined by reviewing the totality of facts and circumstances of business activities and operations.

United States person, as defined in the Internal Revenue Code (IRC) 7701(a)(30), means:

- A citizen or resident of the United States,
- A domestic Partnership,
- A domestic Corporation,
- Any estate (other than a foreign estate, within the meaning of IRC 7701(a)(31)), and
- Any Trust if:
 - A court within the United States is able to exercise primary supervision over the administration of the Trust; AND
 - One or more United States persons have the authority to control all substantial decisions of the Trust.

NOTE: The IRC defines Partnership and Corporation to include an LLC taxed federally as such.

A *Foreign operating entity* is a United States person that satisfies each of the following:

- Would otherwise be a part of a UBG that has at least one person included in the UBG who is taxable in Michigan.
- Has substantial operations outside the United States, the District of Columbia, the Commonwealth of Puerto Rico, any territory or possession of the United States, or a political subdivision of any of the foregoing.
- At least 80 percent of its income is active foreign business income as defined in IRC 861(c)(1)(B).

The Department will follow IRC 318 or analogous authority to determine indirect, or constructive, ownership and control, except the Department will apply IRC 318 to all ownership interests.

Control Test. The control test is satisfied when one person owns or controls, directly or indirectly, more than 50 percent of the ownership interest with voting or comparable rights of the other person or persons. A person owns or controls more than 50 percent of the ownership interest with voting rights or ownership interest that confer comparable rights to voting rights of another persons if that person owns or controls:

- More than 50 percent of the total combined voting power of all ownership interests with voting (or comparable) rights, or
- More than 50 percent of the total value of all ownership interests with voting (or comparable) rights.

Indirect ownership is generally determined using IRC 318 or analogous authority, except the Department will apply IRC 318 to all forms of ownership interests, such as Partnership and membership interests, and not just corporate stock. For example, attribution to and from a Partnership may be determined under IRC 318(a)(2)(A) and 318(a)(3)(A). However, the attribution will be of ownership interests, including - but not limited to - Partnership interests, stock, and membership interests; attribution will not be limited to corporate stock.

Parent-Subsidiary Controlled Group of Entities. A parent-subsidiary controlled group of entities satisfies the control test. A *parent-subsidiary controlled group of entities* means any group of one or more chains of entities connected through ownership with a common parent if:

- The common parent directly owns more than 50 percent of the ownership interest with voting or comparable rights of at least one other entity, and
- More than 50 percent of the ownership interest with voting or comparable rights of each entity other than the common parent is owned directly by one or more of the other entities.

Brother-Sister Controlled Group of Entities. A brother-sister group of entities may also satisfy the control test. An Individual that is not a sole proprietor or owner of a disregarded entity or otherwise engaged in a trade or business resulting in business income or gross receipts under the MBT is not unitary with the entities in which that Individual has a controlling interest. However, a brother-sister group of entities may satisfy the control test through the indirect ownership rules of IRC 318. This is referred to as a brother-sister controlled group of entities.

Combined Controlled Group of Entities. A combined controlled group of entities satisfies the control test. A *combined controlled group of entities* means three or more entities, each of which is a member of a parent-subsidiary controlled group of entities or brother-sister controlled group of entities and one of which is a common parent entity of a parent-subsidiary controlled group of entities and also is included in a brother-sister controlled group of entities.

Excluded Ownership Interests. For purposes of determining ownership or control under the control test, the Department will apply IRC 1563 to exclude certain ownership interests from determination of ownership and control, except that the Department will apply IRC 1563 to all forms of ownership interests and not just corporate stock.

Relationship Tests. *Flow of value* is established when members of the group demonstrate one or more of functional integration, centralized management, and economies of scale. Examples of functional integration include common programs or systems and shared information or property. Examples of centralized management include common management or directors, shared staff functions, and business decisions made for the group rather than separately by each member. Examples of economies of scale include centralized business functions and pooled benefits or insurance. Groups that commonly exhibit a flow of value include vertically or horizontally integrated businesses, conglomerates, parent companies with their wholly owned subsidiaries, and entities in the same general line of business. Flow of value must be more than the mere flow of funds arising out of passive investment.

Businesses are integrated with, are dependent upon, or contribute to each other under many of the same circumstances that establish flow of value. However, this alternate relationship test is also commonly satisfied when one entity finances the operations of another or when there exists intercompany transactions, including financing.

Special Instructions for the Annual Return

By definition, a UBG can include standard taxpayers, insurance companies, and financial institutions. However, in some cases not all members of the UBG will be included on the same return. All standard taxpayer members in a UBG (except those owned by and unitary with a financial institution) file a single combined return on Form 4567. Financial institution members of a UBG (and any standard taxpayer owned by and unitary with a financial institution in the group) file a combined return on Form 4590. Insurance company members of a UBG each file separately on Form 4588.

Before completing a combined return, UBGs should first complete the *MBT Unitary Business Group Combined Filing Schedule* (Form 4580). Form 4580 is used to gather and combine data from each member of the UBG, and eliminate intra-group transactions where appropriate, in order to support the primary return. If the UBG is comprised of both standard taxpayers and financial institutions, two copies of Form 4580 will be completed (one form for the standard taxpayers with financial institutions listed in Form 4580, Part 4, and one form for financial institutions with the standard taxpayers listed in Form 4580, Part 4). Insurance companies that are part of a UBG will each file a separate Form 4588, but should be listed in the Form(s) 4580, Part 4, filed by the standard or financial members of the group.

The Designated Member (DM)

A UBG combined return is filed under the name and Federal Employer Identification Number (FEIN) or Michigan Treasury (TR) assigned number of the DM of the standard taxpayer group. *Designated Member* means a UBG member that has nexus with Michigan and will file the combined MBT return on behalf of the taxpayer group. If the member that owns or controls the other group members has nexus with Michigan, that controlling member must serve as the DM. If the controlling member does not have nexus with Michigan, the controlling member may appoint any group member with nexus to serve as the DM. That DM must continue to serve as such every year, unless it ceases to be a group member or the controlling member attains Michigan nexus. The filing period of a combined return is based on the tax year of the DM.

If a UBG is comprised of both standard taxpayers and financial institutions, the UBG will have two DMs (one for the standard taxpayer members completing Form 4567 and related forms, and one for the financial institution members completing Form 4590 and related forms).

Role of the DM: The DM speaks, acts, and files the MBT return on behalf of the group for MBT purposes. Only the DM may file a valid extension request for the group. The Department maintains the group's MBT tax data (e.g., prior MBT returns, business loss carryforward, tax credit carryforward, overpayment credit forward) under the DM's name and account number. Because SBT did not include a unitary concept, SBT data of the group members is maintained in separate files of the members. Once the first return is filed identifying all members, the SBT data for the group members will be combined for purposes of this return.

Special Instructions for Supporting Forms

Most forms are completed by UBGs on a group basis. However, the following forms must be completed with entity-specific data, rather than group-wide data:

- *Michigan Historic Preservation Tax Credit* (Form 3581)
- *MBT Loss Adjustment Worksheet for the Small Business Alternative Credit* (Form 4575)
- *MBT Schedule of Shareholders and Officers* (Form 4577)
- *MBT Schedule of Partners* (Form 4578)
- *MBT Qualified Affordable Housing Seller's Deduction* (Form 4579)
- *MBT Schedule of Business Activity for Non-Designated Members of a Unitary Business Group Protected Under Public Law 86-272* (Form 4581)
- *MBT Investment Tax Credit Recapture From Sale of Assets Acquired Under Single Business Tax* (Form 4585)
- *MBT Schedule of Business Activity Protected Under Public Law 86-272* (Form 4586)
- *Michigan Farmland Preservation Tax Credit* (Form 4594)
- *MBT Renaissance Zone Credit Schedule* (Form 4595).

If more than one member completes one of these forms, multiple copies of that form must be included in the group's combined return.

In addition, many credits require an entity-specific calculation of a credit amount. The following table provides a summary of UBG credit calculations, where:

A) The test or criteria to qualify for the credit should be applied on a group basis (G) or a separate entity basis (E),

B) If the qualification test is satisfied, the calculation of the credit amount should be on a group basis (G) or a separate entity basis (E),

C) Calculation of the credit should be done after elimination of intercompany transactions (Y or N). Note: This applies only to the calculation of the credit. The tax liability of the UBG against which the credit will be applied is calculated after elimination of all intercompany transactions from the tax base and apportionment.

Credit	(A)	(B)	(C)
Anchor Company Payroll Credit	E	E	N
Anchor Company Taxable Value Credit	E	E	N
Arts and Culture Credit	G	G	N
Bottle Deposit Administration Credit	E	E	N
Brownfield Redevelopment Credit	E	E	N
Community or Education Foundation Credit	G	G	N
Compensation Credit	G	G	N
Entrepreneurial Credit	E	E	N
Farmland Preservation Credit	E	E	N
Film Infrastructure Credit	E	E	N
Film Job Training Credit	E	E	N
Film Production Credit	E	E	N
Gross Receipts Filing Threshold Credit	G	G	N
Historic Preservation Credit	E	E	N
Homeless Shelter/Food Bank Credit	G	G	N
Hybrid Technology Research and Development Credit	E	E	N
Investment Tax Credit	G	G	Y
Large Food Retailer Credit	G	G	N
Low Grade Hematite Credit	G	G	N
MEGA Employment Tax Credit	E	E	N
MEGA Federal Contract Credit	E	E	N
MEGA Research and Development Credit	E	E	N
Mid-size Food Retailer Credit	G	G	N
NASCAR Safety Credit	E	E	N
NASCAR Speedway Credit	E	E	N
New Motor Vehicle Dealer Inventory Credit	E	E	N
Next Energy Business Activity Credit	E	E	N
Next Energy Payroll Credit	E	E	N
Personal Property Tax Credit	G	G	N
Private Equity Fund Credit	E	E	N
Public Contribution Credit	G	G	N
Renaissance Zone Credit	E	E	Y
Research and Development Credit	G	G	N
Small Business Alternative Credit	G	G	N

Credit	(A)	(B)	(C)
Stadium Credit	E	E	N
Start-up Business Credit	E	E	N
Workers' Disability Supplemental Benefit Credit	G	G	N

The above credits are taken against the standard taxpayer group's entire tax liability. Additional UBG instructions are provided on forms where these credits are calculated. A small number of credits will require a pro forma calculation of a UBG member's tax liability. Where a pro forma calculation is required, the underlying objective is to determine what the tax liability of the UBG member generating the credit would have been if that member was not included in the UBG. Therefore, the UBG member generating the credit must calculate its pro forma tax liability as if it was a singular, stand alone taxpayer in all aspects. This supporting calculation should be submitted along with Form 4580.

If the UBG is comprised of both standard taxpayers and financial institutions, two copies of supporting forms will be completed (one group of supporting forms for the standard taxpayers' annual return and one group of supporting forms for the financial institutions' annual return).

Exemption Guidelines for MBT

The following may be exempt from MBT:

- Most persons who are exempt from Federal Income Tax under the IRC
- Nonprofit cooperative housing corporations
- The agricultural activity of a person whose primary activity (i.e., more than 50 percent) is the production of agricultural goods.

If a taxpayer is exempt under either of the first two bullets, but has unrelated business taxable income as defined in the IRC, that business activity is subject to the MBT and a return will be required if the apportioned or allocated gross receipts are \$350,000 or more from the unrelated business activity. Similarly, if a farmer whose primary activity is agricultural production has \$350,000 or more of apportioned or allocated gross receipts from activities other than agricultural production, a return is required.

For a complete list of exemptions, consult a copy of the MBT Act (PA 36 of 2007, as amended) at www.legislature.mi.gov.

If a taxpayer is exempt and has no unrelated business taxable income, filing an MBT return is not required.

Filing the Correct Form

File Form 4583 if:

- Apportioned or allocated gross receipts are \$350,000 or more and the criteria on the form are met. Form 4583 cannot be used by fiscal year filers for the 2008 tax year.
- Taxpayer has apportioned or allocated gross receipts less than \$350,000 and is claiming a refund of estimated payments made. Skip lines 10 through 21 and lines 28 through 31.

File Form 4567 if:

- Tax bases are apportioned
- Apportioned or allocated gross receipts are \$350,000 or more
- A reduced Small Business Alternative Credit is claimed
- Apportioned or allocated gross receipts are less than \$350,000, and:
 - A refund is claimed
 - A credit that may be carried forward to the next year was generated during the filing period
 - A tax credit carryforward or MBT business loss carryforward is reported (filing in this case is necessary to move the carryforward to the following year).

Form 4567 is the only form that will guarantee calculation of the lowest tax liability. This list does not cover all situations. See instructions for each form for more information.

A different primary return and instruction booklet are available for insurance companies (Form 4588) and financial institutions (Form 4590). The tax base for each of these special taxpayer categories is fundamentally different than for standard taxpayers.

Filing if Tax Year Is Less Than 12 Months

Except for the required fiscal return beginning January 1, 2008, annual returns must be filed for the same period as Federal Income Tax returns. If a business operated less than 12 months or must report an initial fiscal MBT return of less than 12 months, annualize to determine which forms to file and the eligibility for a Small Business Alternative Credit. Do not use annualized numbers on a return unless specified; use them only to determine filing requirements and qualifications for credits.

Fiscal year filers: See “Supplemental Instructions for Initial Fiscal MBT Filers” on page 133 for filing the first MBT return.

Tax year means the calendar year, or the fiscal year ending during the calendar year, upon the basis of which the tax base of a taxpayer is computed. If a return is made for a fractional part of a year, tax year means the period for which the return is made.

A taxpayer that has a 52- or 53-week tax year beginning not more than seven days before December 31 of any year is considered to have a tax year beginning after December of that tax year.

Example 1: A taxpayer with a federal tax year beginning on Monday, December 29, 2008, will be treated as follows:

- 2008 tax year end of December 31, 2008.
- Due date of April 30, 2009.
- 2009 tax year beginning January 1, 2009.

Example 2: A taxpayer with a federal tax year ending on Sunday, January 3, 2010, will be treated as follows:

- 2009 tax year end of December 31, 2009.
- Due date of April 30, 2010.
- 2010 tax year beginning on January 1, 2010.

Example 3: A 52- or 53-week year closing near the end of January is common in the retail industry. Such a taxpayer will be treated as follows:

- 2008-09 fiscal year end will be January 31, 2009.
- Due date will be May 31, 2009.
- 2009-10 fiscal year will begin on February 1, 2009.

Annualizing

Multiply each amount, total gross receipts, business income, prior year's tax liability, and shareholder's, officer's and partner's income by 12 and divide the result by the number of months the business operated. Generally, a business is considered in business for one month if the business operated for more than half the days of the month.

- If annualized apportioned or allocated gross receipts are \$350,000 or more, file an annual return. If annualized gross receipts are more than \$20,000,000, or adjusted business income, after loss adjustment exceeds \$1,300,000, the taxpayer is not eligible for the Small Business Alternative Credit.
- Annualize shareholders', officers', and partners' compensation and share of business income. If any shareholder or officer has annualized compensation and share of business income of more than \$180,000 as determined on Form 4577, column L or N, and applying loss adjustment on Form 4575, if applicable, or any partner has a distributive share more than \$180,000 on the Form 4578, column D, the taxpayer is not eligible for the Small Business Alternative Credit. If annualized allocated income or distributive share is more than \$160,000 but not more than \$180,000, the annualized figure will determine the reduction to the Small Business Alternative Credit.
- Annualize prior year's tax liability to determine whether estimates may be based on that liability. If the prior year's annualized liability is \$20,000 or less, estimates may be based on the annualized amount if paid in four equal installments.

EXAMPLE: A fiscal year taxpayer with a tax year ending in June files a six-month return ending June 2008 reporting a tax liability of \$9,000. Estimates for the tax year ending June 2009 may be based on the annualized liability of \$18,000. Estimates must be paid in four equal installments of \$4,500.

Individuals and Fiduciaries: A business registered as Individual or Fiduciary that is in business less than 12 months is not required to annualize.

Due Dates of Annual Returns

Annual returns are due on or before the last day of the fourth month after the end of the tax year. For example, a return for calendar year 2008 is due April 30, 2009. A return for a short year ending October 31, 2008, is due February 28, 2009.

For tax years ending in 2008, fiscal year taxpayers are granted an automatic extension for their 2008 fiscal year annual return, to April 30, 2009. An extension of time to file is not an extension of time to pay.

Additional Filing Time

If additional time is needed to file an annual tax return, request a Michigan extension by filing an *Application for Extension of Time to File Michigan Tax Returns* (Form 4).

Filing a federal extension request with the IRS does not automatically grant an MBT extension. The IRS does not notify state governments of extensions. A request for a Michigan extension must be received and approved to avoid penalty on the tax due.

Extension applications must be postmarked on or before the original due date of an annual return.

Although the Department will grant extensions for filing MBT returns, it will not extend the time to pay. Extension applications received without proper payment will not be processed. Penalty and interest will accrue on the unpaid tax from the original due date of the return.

Properly filed and paid estimates along with the amount included on the extension application will be accepted as payment on a tentative return, and an extension may be granted. It is important that the application is completed correctly.

Once a properly prepared and timely filed application along with appropriate estimated tax payments is received, the Department will grant an extension of eight months to file the tax return.

Fiscal year taxpayers: Fiscal year taxpayers are granted an automatic extension for their 2008 fiscal year annual return, to April 30, 2009. See "Supplemental Instructions for Initial Fiscal MBT Filers" for more information.

Any estimated tax that may be due with the request should be paid in the same manner as estimated payments were paid during the year.

A written response will be sent to the legal address on file when a valid extension application is received.

If an MBT extension is filed on time but the total payments received by the original due date are less than 90 percent of the tax liability, a 10 percent negligence penalty may apply.

IMPORTANT: If no tax is owed, there is no need to file an extension with Michigan by the due date of the return to avoid penalty. However, without an approved extension, it is necessary to file an annual return as soon as the information is available to do so.

An extension of time to file will also extend the statute of limitations.

Amending a Return

To amend a current annual return, complete either Form 4567 or Form 4583 and check the box in the upper-right corner of the return. Enter the figures on the amended return as they should be. There is no longer a separate form for amending a return.

See page 15 for how to request copies of current or past forms.

To amend a return to claim a refund, file within four years of the due date of the original return. Interest will be paid beginning 45 days after the claim is filed or the due date, whichever is later.

If amending a return to report a deficiency, penalty and interest may apply from the due date of the original return.

If any changes are made to a Federal Income Tax return that affect an MBT tax base, filing an amended return is required. To avoid penalty, file the amended return within 120 days after the final determination by the IRS.

Computing Penalty and Interest

Annual and estimated returns filed late or without sufficient payment of the tax due are subject to a penalty of 5 percent of the tax due, for the first two months. Penalty increases by an additional 5 percent per month, or fraction thereof, after the second month, to a maximum of 25 percent.

Compute penalty and interest for underpaid estimates using the *MBT Penalty and Interest Computation for Underpaid Estimated Tax* (Form 4582), on page 105. If a taxpayer prefers not to file this form, the Department will compute the penalty and interest and send a bill.

The following chart shows the interest rate that applies to each filing period. A new interest rate is set at 1 percent above the adjusted prime rate for each six-month period.

Beginning Date	Rate	Daily Rate
January 1, 2008	9.2%	0.0002514
July 1, 2008	7.9%	0.0002151
January 1, 2009	6.0%	0.0001644

For a complete list of interest rates, see RAB 2008-5 on the Department's Web site at www.michigan.gov/taxes.

Signing the Return

All returns must be signed and dated by the taxpayer or the taxpayer's authorized agent. This may be the owner, partner, corporate officer, officer's agent, or association member.

If someone other than the above prepared the return, the preparer must give his or her business address and telephone number.

Print the name of the taxpayer and preparer in the appropriate area on the return.

Assemble the returns and attachments (in sequence order) and staple in the upper-left corner. (Do not staple a check to the return.)

IMPORTANT REMINDER: Failure to include all the required attachments with the return will delay processing and may result in reduced or denied refund or credit carryforward or a bill for tax due.

Mailing Addresses

Postage Changes: Effective May 2007, the U.S. Post Office calculates postage based on the weight, size, and thickness of an envelope. Consult with the Post Office before mailing to avoid delays in delivery; items with insufficient postage will be returned by the Post Office.

Mail the annual return and all necessary schedules to:

With payment:

Michigan Department of Treasury
P.O. Box 30113
Lansing, MI 48909

Without payment:

Michigan Department of Treasury
P.O. Box 30783
Lansing, MI 48909

Mail an extension application (Form 4) to:

Michigan Department of Treasury
P.O. Box 30774
Lansing, MI 48909-8274

Mail MBT quarterly estimate payments (Form 4548) to:

Michigan Department of Treasury
P.O. Box 30774
Lansing, MI 48909-8274

Courier delivery service mail should be sent to:

Michigan Department of Treasury
7285 Parsons Dr.
Dimondale, MI 48821

Make all checks payable to **"State of Michigan."** Write the taxpayer's Federal Employer Identification Number (FEIN) or Treasury (TR) assigned number and "MBT" on the check.

Correspondence

Address changes and business discontinuance can be reported by using the *Notice of Change or Discontinuance* (Form 163), which can be found online at **www.michigan.gov/treasuryforms** or inside the Sales, Use, and Withholding Tax booklet. Business discontinuance can also be reported on Form 4567, line 6, or on Form 4583, line 6.

Mail correspondence to:

Customer Contact Division, MBT Unit
Michigan Department of Treasury
P.O. Box 30783
Lansing, MI 48909

To Request Forms

Internet

Current and past year forms are available on the Department's Web site at **www.michigan.gov/treasuryforms**.

Phone

Call toll-free 1-800-367-6263 to have business tax forms mailed to you.

Alternate Format

Assistance in obtaining printed material in an alternate format may be requested by calling 1-800-827-4000 and pressing options 1, 4, and 223.

TTY

Teletypewriter assistance is available by calling (517) 636-4999.

2008 Supplemental Instructions for Standard Initial Fiscal Michigan Business Tax (MBT) Filers

NOTE: These instructions for fiscal year MBT filers are meant to supplement the general instructions, not to replace them. Standard filers refers to all taxpayers other than financial institutions or insurance companies. Fiscal year filers that are financial institutions filing their initial MBT returns should see the MBT instruction book for financial institutions (Form 4599). (Insurance companies cannot be fiscal year filers.)

The Single Business Tax (SBT) was repealed on business activity after December 31, 2007. MBT became effective January 1, 2008.

A standard taxpayer with a fiscal year beginning in 2007 and ending in 2008 must file two short period returns, one to report its final SBT liability, for the period from the beginning of its 2007-08 fiscal year through December 31, 2007, and the other to report its initial MBT liability, for the period from January 1, 2008, to the ending of its 2007-08 fiscal year.

A fiscal filer should use these forms to complete and file two MBT returns. The first return will calculate its initial MBT liability for the short period from January 1, 2008, to the ending of its 2007-08 fiscal year. The second return will calculate its entire 2008-09 fiscal year, utilizing 2009 tax year rates and amounts. The following instructions pertain only to the fiscal filer's initial MBT short period return.

Computing the Initial Return for a Period of Less Than 12 Months

A fiscal year standard taxpayer with a tax year ending in 2008 may elect to compute the tax base for the final short-period SBT year and the initial short-period MBT year in accordance with one of the following calculation methods:

- **Annual Method.** The tax base may be computed as if the acts were effective throughout the taxpayer's 2007-08 federal tax period. The Modified Gross Receipts and the Business Income Tax base will then be multiplied by a fraction, in which the numerator is the number of months of the federal period that fall in 2007 or 2008, and the denominator is the number of months in the full federal period (typically 12).
- **Actual Method.** The tax base may be computed based on actual business activity occurring in the final/initial short-period in accordance with the same method of accounting used in prior fiscal years, which reflects the actual tax base attributable to the period.

The calculation method the taxpayer employed for its final SBT return must also be used for the initial MBT return. Thus, if a taxpayer elects to use the annual method for its final SBT return it must also use the annual method for its initial MBT return.

EXAMPLE: Using the annual method, a standard taxpayer with a fiscal year-end of August 31 would compute the tax base on full year numbers (September 1, 2007, through August 31, 2008, annual accounting period), and then multiply that amount by 4/12 (or 1/3) to obtain the SBT short year tax base for the period of September 1, 2007, through December 31, 2007, or

by 8/12 (or 2/3) to obtain the MBT short year tax base for the period of January 1, 2008, through August 31, 2008.

Alternatively, the same taxpayer could choose to compute the actual tax base for business activity occurring in the short years using the same method of accounting employed in prior years. In either case, the calculation method used (annual or actual) to file the final fiscal SBT return must be used when filing the initial fiscal MBT return.

NOTE: A taxpayer will be required to amend its final SBT return so the filing methods are consistent if a different method is chosen for the initial filing of MBT.

Unitary Business Groups (UBGs): If the method used by the group to calculate its initial short period MBT return is different from the method used by an individual member on the member's final SBT return, that member must amend its final SBT return to achieve consistency.

Filing for a Tax Year Less Than 12 Months. All general practices pertaining to annualization and proration will apply for the qualification and calculation of credits and adjustments on filings for a period less than 12 months.

Annualizing

If a business operated less than 12 months, annualize to determine which forms to file and the eligibility for the Small Business Alternate Credit. Fiscal year filers choosing the annual method of computing their tax base will report figures using their entire 2007-08 federal return. For all other taxpayers, including fiscal year filers using the actual method, do not use annualized numbers on a return unless specified; use them only to determine filing requirements and qualifications for credits. See 2008 General Information for Standard Taxpayers on page 7 for further details.

Due Date

Fiscal year taxpayers are granted an automatic extension for their 2008 fiscal year annual return. Returns for fiscal years ending in 2008 will be due the same date as 2008 calendar year returns, which is April 30, 2009. However, an extension of time to file is not an extension of time to pay. An extension request form need not be filed unless required to transmit payment of any tax that would be due with the annual return. The annual return tax due must be paid by the original due date, which is the last day of the fourth month after the end of the fiscal year.

Federal Returns

If using the annual method to compute the initial fiscal return, attach copies of all federal forms required. See page 13 for details. If you choose the actual method to compute your initial return, attach a pro-forma federal return calculation reflecting your actual income and expenses, prepared in accordance with the method of accounting used in prior fiscal years. This pro forma federal return calculation must include all income, expenses and adjustments required. If using the actual method, also attach a copy of quarterly or monthly financial statements for 2007-08.

Forms to File

Taxpayers with fiscal years ending in 2008 must file the *MBT Annual Return* (Form 4567) to calculate their initial fiscal return. Filing the *MBT Simplified Return* (Form 4583) will not be accepted.

Additional Instructions for Specific Forms

Forms not addressed here need no supplemental instructions.

MBT Annual Return (Form 4567)

On line 1, enter January 1 as the beginning date, and enter the ending date that corresponds to the taxable period as reported to the Internal Revenue Service (IRS) as the ending month. Enter all dates in MM-DD-YYYY format.

Line 10e: Check the box if you are a Fiscal Filer computing tax in accordance with the annual method. Compute the percentage of your 2007-08 accounting period attributable to 2008.

Unitary Business Groups (UBGs): If the Designated Member (DM) is a calendar year filer, all members, including fiscal year members, must use the actual method. If the DM is a fiscal year filer, all members must use the same method of calculation, annual or actual, chosen by the DM. Do not, however, use lines 10e through 10h, even if the annual method will be used. Proration for a UBG is performed on Part 2A of the *MBT Unitary Business Group Combined Filing Schedule* (Form 4580).

Line 35: Nonrefundable credits from the *MBT Nonrefundable Credits Summary* (Form 4568), line 36. If claiming nonrefundable credits, see Form 4568. Note that these credits have strict eligibility requirements. All credits against the tax must be earned and calculated based on actual payments made and actions performed on or after January 1, 2008, regardless of the method selected for the tax calculation.

Single Business Tax Credit Carryforwards (Form 4569)

Fiscal filers filing their second 2008 MBT return should claim the credit forward from their immediately preceding MBT return.

MBT Credits for Compensation, Investment and Research and Development (Form 4570)

Credits against the tax must be earned and calculated based on actual payments made and actions performed after 2007, regardless of whether a taxpayer uses the annual or actual method for tax calculations. Do not include acquisitions or dispositions occurring in 2007 in the calculation of the ITC.

MBT Common Credits for Small Businesses (Form 4571)

All credits against the tax must be earned and calculated based on actual payments made and actions performed after 2007, regardless of the method selected for the tax calculation.

Lines 6 and 7: Compensation and Directors Fees. Officers and active shareholders will be reported on an actual basis on lines 6 and 7, regardless of the method selected for the tax calculation.

MBT Charitable Contribution Credits (Form 4572)

Lines 3, 7, 12, and 16: Provide a credit for contributions made to various qualifying organizations. These donations must have been made after 2007, regardless of the method selected for the tax calculation.

MBT Miscellaneous Nonrefundable Credits (Form 4573)

To claim the Historic Preservation Credit, the certificate must show a completion date after December 31, 2007, but on or before the fiscal year end date in 2008. To be eligible for the Next Energy Business Activity Credit, Start-Up Business Credit, Film Job Training Credit or Film Infrastructure Credit, the appropriate certificate must be received on or before the fiscal year end date in 2008.

MBT Refundable Credits (Form 4574)

All credits against the tax must be earned and calculated based on actual payments made and actions performed in 2008, regardless of the method selected for the tax calculation.

To be eligible for the Michigan Economic Growth Authority (MEGA) Employment Tax Credit, MEGA Research and Development Credit, Hybrid Technology Research and Development Credit, Anchor Company Taxable Value Credit, Anchor Company Payroll Credit, MEGA Federal Contract Credit or Film Production Credit, the appropriate certificate must be received on or before the fiscal year end date in 2008.

The Workers' Disability Supplemental Benefit (WDSB) Credit is available only for the amount authorized by the Workers' Compensation Agency during the portion of 2007-2008 fiscal year that is in 2008.

Personal Property Tax Credits are limited to taxes levied after December 31, 2007, and paid in the fiscal tax year.

MBT Loss Adjustment Worksheet for the Small Business Alternative Credit (Form 4575)

Part 1: Business income and shareholder compensation disqualifiers must be computed on an annualized basis. Enter annualized numbers on lines 1, 4 and 6.

Part 2: Fiscal year filers will use the information from the five preceding periods, which will include the final SBT fiscal year ending in 2007.

MBT Schedule of Shareholders and Officers (Form 4577)

In columns I through K, enter actual dividends, salaries, wages, director's fees, employee insurance plans, pension, etc., received during the tax year in 2008, regardless of the method selected for the tax calculation. For a fiscal year filer choosing to compute the tax base using the annual method, column M, "Share of Business Income," will have to be adjusted to reflect the prorated business income.

MBT Schedule of Partners (Form 4578)

For a fiscal year filer choosing to compute the tax base using the annual method, column D, "Share of Business Income/Loss," must be adjusted to reflect the prorated business income.

MBT Unitary Business Group Combined Filing Schedule (Form 4580)

Line 1: In Part 1, identify group members whose federal tax periods end within the filing period of the DM. If the DM has made a valid election to use the actual method, each member will report only activity occurring on or after January 1, 2008. If the DM is a calendar year filer, then all group members will use the actual method.

If a DM has a fiscal year end before a group member's fiscal year end, that group member will not be listed on the UBG's initial MBT return for the 2007-08 tax year. List such a member on line 53 and use Reason Code 5 in column 53D. The excluded member will be included in the UBG's subsequent combined return for the tax year ending in 2009.

Line 2: Column 2I is used to identify a person that was a member of the UBG for less than its entire federal tax year due to changes in ownership. Do not include in column 2I any member that uses a fiscal year and that reports on this combined return all of its activity from January 1, 2008, through the end of its 2007-08 fiscal year.

MBT Simplified Return (Form 4583)

This form **cannot** be used by initial fiscal year filers with tax years ending in 2008.

MBT Election of Refund or Carryforward of Credits (Form 4584)

To be eligible for the Anchor Company Taxable Value Credit, Anchor Company Payroll Credit, and MEGA Federal Contract Credit, the appropriate certificate must be received on or before the fiscal year end date in 2008.

To be eligible for a Brownfield Redevelopment Credit, the certificate must show a completion date after December 31, 2007, but on or before the fiscal year end date in 2008.

NOTE: A fiscal filer that has a fiscal year end date before April 8, 2008, and receives a certificate of completion before its 2008 fiscal year end date will not be eligible for the refundable Brownfield Redevelopment Credit.

MBT Book-Tax Difference (Form 4593)

UBGs: If the 2007-08 fiscal year of a UBG member other than the DM ends after the first 2008 filing period of the UBG, that member will not be included in the UBG's first combined return (except in Part 4, as an excluded affiliate).

Although a member may otherwise not be included in the UBG's first combined return, all book-tax differences available to members of the group must be reported on the 2008 Form 4593. The book-tax difference of the excluded member must be reported on the UBG's Form 4593 filed for the 2008 tax year regardless of the fact that otherwise the member is not included in that return.

Michigan Farmland Preservation Tax Credit (Form 4594)

A fiscal year taxpayer with a tax year ending in 2008 will compute the portion applied against MBT liability by determining the actual income in the initial MBT short period tax year in accordance with the method of accounting used in prior fiscal years, which reflects the actual income attributable to the period.

Prorating: The property taxes must be prorated. Use the following computation to determine the amount of taxes that can be claimed:

- Determine number of months of 2007-2008 fiscal year that is in calendar year 2008.
- Divide number of months by 12 to compute percentage.

- Multiply percentage by property taxes billed in 2007 to compute amount of taxes that can be claimed.

Assembling Attachments: Attach a schedule showing the entity's computation of the actual income. This schedule or pro forma must include all adjustments required. Also attach a copy of the entity's actual Federal Income Tax return, if available.

MBT Renaissance Zone Credit Schedule (Form 4595)

For purposes of the calculation required for taxpayers first located within a Renaissance Zone before December 31, 2002, fiscal year filers may use the 2007 12 month calendar year amounts for payroll and Renaissance Zone business activity, or the final 12 month fiscal year ending in 2007. The same choice must be made for each component of the calculation.

A fiscal year taxpayer's phase-out percentage for the final three years of the Renaissance Zone Credit is determined by the beginning of the taxpayer's filing period. No proration of months is involved.

FOR EXAMPLE:

- Renaissance Zone designation expires on December 31, 2010.
- The three years in which the credit is subject to the phase-out reduction are 2008, 2009, and 2010.
- In the taxpayer's tax year which commences on July 1, 2008, and ends on June 30, 2009, its Renaissance Zone Credit will be reduced by 25 percent.
- In the taxpayer's tax year which commences on July 1, 2009, and ends on June 30, 2010, its Renaissance Zone Credit will be reduced by 50 percent.
- In the taxpayer's tax year which commences on July 1, 2010, and ends on June 30, 2011, the business activity factor of the MBT Act Renaissance Zone Credit is calculated as if the taxpayer is within a Renaissance Zone for a period less than the full tax period, and that credit amount is reduced by 75 percent.

Application for Extension of Time to File Michigan Tax Returns (Form 4)

Fiscal year MBT taxpayers are granted an automatic extension for their 2008 fiscal year annual returns, with the extended due date of April 30, 2009. If the regular MBT extension period is not sufficient to allow a fiscal year taxpayer to gather necessary information for its 2008 fiscal year MBT return, the Department of Treasury will, upon request, grant a special extension appropriate to the circumstances.

To request additional time beyond April 30, submit a letter to the Department requesting an extension. The letter must include your name, Federal Employer Identification Number (FEIN) or Michigan Treasury (TR) assigned number, tax year end, and an explanation of need.

Revenue Administrative Bulletins

2008-7	Certified Educational Foundations
2008-6	Certified Community Foundations
2008-5	Interest Rate
2008-4	Michigan Business Tax Nexus Standards
2007-6	Michigan Business Tax - "Actively Solicits" Defined
2005-3	Penalty Provisions
1996-4	Credit or Refund of Overpayment of Taxes or Credits in Excess of Tax Due and Applicable Interest
1994-1	Challenge of Assessment, Decision or Order Limited by Statute
1989-38	Officer Liability

For a complete list, go to www.michigan.gov/taxes.

2008 Certified Education Foundations

1051	Birmingham Education Foundation
1052	Blissfield Foundation for Educational Excellence
1201	East Lansing Education Foundation
1202	Educational Excellence Foundation Plymouth-Canton
1251	Foundation for Ed. Excellence Romeo Community Schools
1501	Kalamazoo Communities in Schools
1551	Lansing Public Schools Educational Advancement Foundation
1601	Marquette Area Public Schools Education Foundation
1651	Northview Education Foundation
1851	Rochester Community Schools Foundation
1901	Stockbridge Area Educational Foundation

Certified Community Foundations and Component Funds

A component fund serves donors and nonprofit organizations in a specific geographic area as a restricted fund of a neighboring community foundation. The following are certified for the Community Foundations Credit for 2008.

- | | |
|--|--|
| <p>01 Albion Community Foundation</p> <p>56 Allegan County Community Foundation
Saugatuck/Douglas Area Community Fund</p> <p>63 Anchor Bay Community Foundation</p> <p>02 Ann Arbor Area Community Foundation
Community Foundation of Plymouth
Ypsilanti Area Community Fund</p> <p>49 Baraga County Community Foundation</p> <p>58 Barry Community Foundation</p> <p>17 Battle Creek Community Foundation
Athens Area Community Foundation
Homer Area Community Foundation
Springfield Community Foundation</p> <p>03 Bay Area Community Foundation
Arenac County Fund</p> <p>04 Berrien Community Foundation</p> <p>45 Branch County Community Foundation</p> <p>36 Cadillac Area Community Foundation
Missaukee Area Community Foundation</p> <p>64 Canton Community Foundation</p> <p>06 Capital Region Community Foundation
Eaton County Community Foundation</p> <p>66 Central Montcalm Community Foundation</p> <p>44 Charlevoix County Community Foundation</p> <p>28 Community Foundation for Muskegon County
Community Foundation for Mason County
Community Foundation for Oceana County</p> <p>29 Community Foundation for Northeast Michigan
Iosco County Community Foundation
North Central Michigan Community Foundation
Straits Area Community Foundation</p> <p>09 Community Foundation for Southeast Michigan
Chelsea Community Foundation
Community Foundation for Livingston County</p> <p>10 Community Foundation of Greater Flint
Clio Area Community Fund
Fenton Community Fund
Flushing Community Fund
Grand Blanc Community Fund
Davison Community Fund</p> <p>19 Community Foundation of Greater Rochester</p> <p>11 Community Foundation of Monroe County
Greater Milan Area Community Foundation</p> <p>35 Community Foundation of St. Clair County</p> <p>20 Community Foundation of the Holland/Zeeland Area</p> <p>54 Community Foundation of the Upper Peninsula
Alger Regional Community Foundation
Chippewa County Community Foundation
Community Foundation for Delta County
Gogebic-Ontonagon Community Foundation
Les Cheneaux Area Community Foundation
Schoolcraft County Community Foundation
St. Ignace Area Community Foundation
Tahquamenon Area Community Foundation
West Iron County Area Community Foundation</p> <p>50 Dickinson County Area Community Foundation
Crystal Falls/Forest Park Area Community Fund
Norway Area Community Fund</p> <p>13 Four County Community Foundation</p> | <p>14 Fremont Area Community Foundation
Lake County Community Foundation
Mecosta County Community Foundation
Osceola County Community Foundation</p> <p>15 Grand Haven Area Community Foundation
Allendale Area Community Foundation
Coopersville Area Community Foundation</p> <p>16 Grand Rapids Community Foundation
Cascade Community Foundation
East Grand Rapids Community Foundation Fund
Ionia County Community Foundation
Lowell Area Community Fund
Southeast Ottawa Community Foundation
Sparta Community Foundation
Wyoming Community Foundation</p> <p>46 Grand Traverse Regional Community Foundation</p> <p>48 Gratiot County Community Foundation</p> <p>18 Greater Frankenmuth Area Community Foundation</p> <p>37 Greenville Area Community Foundation
Lakeview Area Community Fund
Montcalm Panhandle Community Fund</p> <p>43 Hillsdale County Community Foundation</p> <p>60 Huron County Community Foundation</p> <p>21 Jackson County Community Foundation</p> <p>22 Kalamazoo Community Foundation
Covert Township Community Foundation Fund</p> <p>67 Keweenaw Community Foundation</p> <p>77 Lapeer County Community Foundation</p> <p>23 Leelanau Township Community Foundation</p> <p>62 Lenawee Community Foundation</p> <p>55 Livonia Community Foundation</p> <p>25 M & M Area Community Foundation</p> <p>65 Mackinac Island Community Foundation</p> <p>24 Manistee County Community Foundation</p> <p>39 Marquette Community Foundation
Greater Ishpeming Area Community Fund
Gwinn Area Community Fund
Negaunee Area Community Fund</p> <p>26 Marshall Community Foundation</p> <p>05 Michigan Gateway Community Foundation</p> <p>27 Midland Area Community Foundation
Clare County Community Foundation
Gladwin County Endowment Fund</p> <p>42 Mt. Pleasant Area Community Foundation</p> <p>72 North Woodward Community Foundation</p> <p>68 Northville Community Foundation</p> <p>75 Otsego County Community Foundation</p> <p>47 Petoskey-Harbor Springs Area Community Foundation</p> <p>76 Roscommon County Community Foundation</p> <p>30 Saginaw Community Foundation
Chesaning Area Community Foundation Fund</p> <p>61 Sanilac County Community Foundation</p> <p>71 Shelby Community Foundation</p> <p>31 Shiawassee Community Foundation</p> <p>57 Southfield Community Foundation</p> <p>74 Sterling Heights Community Foundation</p> <p>40 Sturgis Area Community Foundation
Constantine Area Community Foundation
White Pigeon Area Community Foundation</p> <p>32 Three Rivers Area Community Foundation</p> <p>73 Tuscola County Community Foundation</p> |
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Country Codes

Countries are identified by two-letter codes – Country Codes – which are required on some Michigan Business Tax (MBT) forms, including the annual returns. The following is a list of countries and their codes.

AF Afghanistan	KM Comoros	HN Honduras	MP N.Mariana Islnd	SO Somalia
AL Albania	CK Cook Islands	HK Hong Kong	NA Namibia	ZA South Africa
DZ Algeria	CR Costa Rica	HU Hungary	NT NATO	KR South Korea
VI Amer.Virgin Is.	CI Cote d'Ivoire	IS Iceland	NR Nauru	ES Spain
AD Andorra	XX Countries-Other	IN India	NP Nepal	LK Sri Lanka
AO Angola	HR Croatia	ID Indonesia	NL Netherlands	KN St Kitts&Nevis
AI Anguilla	CU Cuba	IR Iran	NC New Caledonia	LC St. Lucia
AQ Antarctica	CY Cyprus	IQ Iraq	NZ New Zealand	VC St. Vincent
AG Antigua/Barbuda	CZ Czech Republic	IE Ireland	NI Nicaragua	PM St.Pier,Miquel.
AR Argentina	CD Dem. Rep. Congo	IL Israel	NE Niger	SD Sudan
AM Armenia	DK Denmark	IT Italy	NG Nigeria	SR Suriname
AW Aruba	DJ Djibouti	JM Jamaica	NU Niue	SJ Svalbard
AU Australia	DM Dominica	JP Japan	NF Norfolk Islands	SZ Swaziland
AT Austria	DO Dominican Rep.	JO Jordan	KP North Korea	SE Sweden
AZ Azerbaijan	AN Dutch Antilles	KZ Kazakhstan	NO Norway	CH Switzerland
BS Bahamas	TP East Timor	KE Kenya	OM Oman	SY Syria
BH Bahrain	TL East Timor	KI Kiribati	OR Orange	TW Taiwan
BD Bangladesh	EC Ecuador	KW Kuwait	PK Pakistan	TJ Tajikistan
BB Barbados	EG Egypt	KG Kyrgyzstan	PW Palau	TZ Tanzania
BY Belarus	SV El Salvador	LA Laos	PS Palestine	TH Thailand
BE Belgium	GQ Equatorial Guin	LV Latvia	PA Panama	TG Togo
BZ Belize	ER Eritrea	LB Lebanon	PG Pap. New Guinea	TK Tokelau Islands
BJ Benin	EE Estonia	LS Lesotho	PY Paraguay	TO Tonga
BM Bermuda	ET Ethiopia	LR Liberia	PE Peru	TT Trinidad,Tobago
BT Bhutan	EU European Union	LY Libya	PH Philippines	TN Tunisia
BL Blue	FK Falkland Islnds	LI Liechtenstein	PN Pitcairn Islnds	TR Turkey
BO Bolivia	FO Faroe Islands	LT Lithuania	PL Poland	TM Turkmenistan
BA Bosnia-Herz.	FJ Fiji	LU Luxembourg	PT Portugal	TC Turksh Caicosin
BW Botswana	FI Finland	MO Macau	PR Puerto Rico	TV Tuvalu
BV Bouvet Islands	FR France	MK Macedonia	QA Qatar	UG Uganda
BR Brazil	PF Frenc.Polynesia	MG Madagascar	CG Rep.of Congo	UA Ukraine
IO Brit.Ind.Oc.Ter	GF French Guayana	MW Malawi	RE Reunion	GB United Kingdom
VG Brit.Virgin Is.	TF French S.Territ	MY Malaysia	RO Romania	UN United Nations
BN Brunei Daruss.	GA Gabon	MV Maldives	RU Russian Fed.	UY Uruguay
BG Bulgaria	GM Gambia	ML Mali	RW Rwanda	US USA
BF Burkina Faso	GE Georgia	MT Malta	GS S. Sandwich Ins	AE Utd.Arab Emir.
MM Burma	DE Germany	MH Marshall Islnds	ST S.Tome,Principe	UZ Uzbekistan
BI Burundi	GH Ghana	MQ Martinique	SH Saint Helena	VU Vanuatu
KH Cambodia	GI Gibraltar	MR Mauretania	WS Samoa	VA Vatican City
CM Cameroon	GR Greece	MU Mauritius	AS Samoa, America	VE Venezuela
CA Canada	GL Greenland	YT Mayotte	SM San Marino	VN Vietnam
CV Cape Verde	GD Grenada	MX Mexico	SA Saudi Arabia	WF Wallis,Futuna
CF CAR	GP Guadeloupe	FM Micronesia	SN Senegal	EH West Sahara
KY Cayman Islands	GU Guam	UM Minor Outl.Isl.	CS Serbia/Monten.	YE Yemen
TD Chad	GT Guatemala	MD Moldova	SC Seychelles	ZM Zambia
CL Chile	GN Guinea	MC Monaco	SL Sierra Leone	ZW Zimbabwe
CN China	GW Guinea-Bissau	MN Mongolia	SG Singapore	
CX Christmas Islnd	GY Guyana	MS Montserrat	SK Slovakia	
CC Coconut Islands	HT Haiti	MA Morocco	SI Slovenia	
CO Colombia	HM Heard/McDon.Isl	MZ Mozambique	SB Solomon Islands	

File with confidence. E-file.

✦ **It's Accurate.** E-filed returns have much less chance of error compared to paper returns. The computer program checks for math errors before the return is accepted, and new explanations pinpoint the location of any errors in the return.

✦ **It's Fast.** E-filed returns are processed much faster than paper returns. Paper-filed returns take considerably longer to process.

✦ **It's Convenient.** Prepare and submit your Michigan Business Tax (MBT) return electronically using software approved by the Michigan Department of Treasury, and receive electronic proof from both the Internal Revenue Service (IRS) and State of Michigan that your returns were accepted.

✦ **It's Secure.** Only preparers and their clients see the returns. Confidential information is protected by Secure Socket Layer (SSL) 128-bit encryption.



www.MIfastfile.org

E-file Software Companies

The following companies have indicated their commitment to develop software for MBT e-file. They may need to be contacted to determine when their software will be available. Additional company contact information is available on Treasury's Web site at www.michigan.gov/taxes.

1040 Works

www.1040works.com

CCH Small Firms Services - ATX

www.atxinc.com

CCH Small Firms Services - TaxWise

www.taxwise.com

CCH, a Wolters Kluwer Business

www.CCHGroup.com

CORPTAX, LLC

www.corptax.com

Data Technology Group

www.taxdimensions.com

Drake Enterprises

www.drakesoftware.com

Express Tax

www.expresstaxservice.com

Greatland

www.greattaxpro.com

Lacerte

www.lacertesoftware.com

Lamson Tech

www.lamsontech.com

Pro Series

www.proseries.com

Rhodes Computer Services

www.taxslayerpro.com

Tax Technologies, Inc.

www.taxtechnologies.com

TAX\$IMPLE, INC.

www.taxsimple.us

Taxsation Inc.

www.taxsation.com

TaxVision

www.ntslinks.net

TaxWorks, Inc.

www.taxworks.com

Thomson Reuters Tax & Accounting

www.es.thomsonreuters.com

www.Onesource.ThomsonReuters.com

www.cs.thomsonreuters.com

Vertex, Inc.

www.vertexinc.com

Treasury and the State of Michigan do not endorse or warrant these companies or their products or services. The decision to use or not to use any of these products and services will not result in any special treatment from Treasury.

Unclaimed Property Reporting for Businesses

Michigan's Uniform Unclaimed Property Act (Public Act (PA) 29 of 1995) requires holders of unclaimed property to report and remit property belonging to owners who cannot be located or for whom there is no known address. Every business that has uncashed checks (payroll, vendor, dividends, etc.) must file a report and turn the funds over to the Michigan Department of Treasury, Unclaimed Property Division. Unclaimed property could also include cash, deposits, interest, stocks,* or contents from safe deposit boxes.

Section 31 (2) of PA 29 gives the State Treasurer the authority to conduct unclaimed property examinations to determine compliance with the act.

WHO MUST REPORT

Every Individual, Partnership, or Corporation who has unclaimed property belonging to someone whose last known address is in Michigan must report. If the owner's last known address is in another state or country and the holder does not report under the provisions of that state or country, then report those interests to Michigan.

DORMANCY PERIODS

Generally, property in your custody that belongs to someone else and has gone unclaimed for five years must be reported. However, dormancy periods will vary based on the type of property. Visit Treasury's Web site at www.michigan.gov/unclaimedproperty for more detailed information about dormancy periods.

*A 2004 law change reduced the dormancy period for reporting stock and dividends from seven to three years.

REPORTING DUE DATE

Holder reports are due by November 1 each year and must contain all items considered unclaimed as of June 30. Enclose payment with the report to cover the amount reported. If you have unclaimed property and fail to pay or deliver it timely to the State of Michigan, you may be liable for interest at the current monthly rate of one percentage point above the adjusted prime rate on the value of the property. Civil penalties may also apply for not filing.

CLAIMING FUNDS

To check if funds are being held for you, your family, or your business entity, visit Treasury's Web site at www.michigan.gov/unclaimedproperty.

FOR MORE INFORMATION



Visit www.michigan.gov/unclaimedproperty



Call the Unclaimed Property Division at 517-636-5320



Write to: Unclaimed Property Division
Michigan Department of Treasury
P.O. Box 30756
Lansing, MI 48909